Financial burden on State Governments due to Food Policy and Fifth Pay Commission Report

2242. SHRIMATI JAYANTI PATNAIK: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of the financial burden on the State Governments due to the implementation of new Food Policy and the Fifth Pay Commission Report of the Central Government;

(b) whether the Government have any proposal to assist the State Governments in the matter; and

(c) the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) The State Governments are free to decide on the matters of revision of the salaries of their employees and to appoint Pay Commission as and when they deem it appropriate. However, if the State Governments decide to adopt the recommendations of Fifth Central Pay Commission in their States, they are likely to face additional financial burden in most cases.

There is no scheme at present to provide Central Assistance to the State Governments for this purpose.

As regards implementation of New Food Policy, the information is being collected and will be furnished.

Income Tax collections

2243. SHRIMATI JAYANTI PATNAIK: Will the Minister of FINANCE be pleased to state:

(a) whether Government have been laying emphasis on income tax collections;

(b) whether Government have fixed individual targets for Income Tax Commissioners for the collection of the income tax;

(c) whether the past performance of every Income Tax Commissioner has been assessed by Government;

(d) if so, the details thereof; and

(e) what other steps have been taken to revamp the central excise, customs and income tax departments?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) Yes, Sir.

(d) The annual collection of each Income Tax Commissioner is taken into account while appraising his/her annual performance. The Central Board of Direct Taxes (CBDT) also regularly monitors tax collections of every Region throughout the year.

(e) In the case of Central Excise, Customs and Income Tax field formations it has been decided to enhance the budget provisions under office expenses to provide them better facilities. The improved facilities are likely to augment the recovery of taxes.

Full convertibility of Rupee

2244. SHRI O. P. KOHLI: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to bring about full convertibility of rupee in the near future;

(b) if so, the purpose thereof;

(c) whether those countries who resorted to full convertibility of their currencies were able to have a sustainable foreign investment and growth rate in the long run; and

(d) if not, the reason for this measure being resorted to in our country in hasty manner?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The rupee is already convertible in the current account. In his Budget speech for 1997-98, the Finance Minister described capital account convertibility as a "cherished goal". The Reserve Bank of India was asked to appoint a group of experts to lay out the road map towards capital account convertibility, prescribe the economic parameters which have to be achieved at each milestone and work out a detailed time table for moving towards convertibility. The group of experts submitted its report to the Reserve Bank of India on May 30, 1997.

(b) The benefits of capital account convertibility have been listed in the Report of the Committee on Capital Account Convertibility. According to this report, capital account liberalisation augments the availability of capital stock, allows residents to hold an internationally diversified portfolio, permits more efficient financial intermediation, and alignment of domestic financial asset prices with international levels. It also induces the strengthening of domestic monetary and fiscal discipline.

(c) Countries which moved towards capital account convertibility were in general able to attract foreign investment on a sustained basis and achieve satisfactory growth rate in the long run. However, investment and growth rate do not depend solely on capital account convertibility; other factors play important roles as well.

(d) Does not arise.

Information regarding persons with taxable income

2245. SHRI E. BALANANDAN:
SHRI BRATIN SENGUPTA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have full knowledge about those who have taxable income but do not pay taxes;

(b) if so, whether any action has been initiated against them after June 30 deadlines; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) The relatively small number of tax payers as compared to the population of the country as also the results of search, surveys and other inquiries suggest that there are many people who, though have taxable income, do not pay income-tax either wholly or in part, on their income.

(b) and (c) The Investigation Wing of the Income-tax Department, as an ongoing process, collects information about tax evasion and whenever positive information about tax evasion or non-filing of return comes to the notice of the Income-tax Department, action to tax the income, is initiated. Further this year the Government has announced Voluntary Disclosure of Income Scheme 1997 which offers an opportunity to persons who have evaded tax in the past, to declare their undisclosed income. The scheme is effective from 1st July, 1997 and will remain in operation till 31-12-1997.

The Finance Act, 1997 has also introduced a proviso to Section 139(1) requiring every person who satisfies certain prescribed economic criteria, to file return of income. The provisions are applicable with effect from 1-4-97 i.e. Assessment Year 1997-98.